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IAC-D-77

9 December 1953

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INTELLIGENCE ADVISORY COMMITTEE

Budgetary Analysis of Intelligence Programs

1. At its meeting of 17 November 1953, the IAC, after discussing the subject with representatives of the Bureau of the Budget, appointed an ad hoc committee of Agency representatives to develop a classification system, or systems, which would be useful in the review or survey of intelligence budgets (IAC-M-129). The representatives have held four meetings, at one of which Bureau representatives were present, and have agreed on suggested categories for the survey, attached as Tab A.

2. At its meeting of 24 November, the IAC charged the ad hoc committee with considering, in addition to a classification system, the other methods of review suggested by the Bureau, as well as the Bureau's stated objectives (IAC-M-130). The committees agreed comments on these aspects of the subject are attached as Tab B.

3. Mindful of the Bureau's desired timing, the ad hoc committee suggests that this matter be considered by the IAC at its meeting on 15 December and recommends that the IAC:

- a. Approve the categories and comments,

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(Tabs A and B) and agree to be bound, as individual
agencies, by the categories.

- b. Forward the same to the Bureau.
- c. Request the Bureau to make its findings
available to the IAC.

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Suggested Categories for the Survey of Intelligence Budgets

1. The major categories should be restricted to the classical classification of intelligence, namely: collection, production and dissemination.

2. Intelligence activities under the category "production" should be further classified as follows:

- a. Political, cultural and sociological
- b. Ground Forces
- c. Naval Forces
- d. Air Forces
- e. Economic
- f. Scientific and Technical
- g. Geographic

3. No attempt should be made to classify "production" or the subdivision of "production" as basic, current, and national intelligence. Such a division, if made, would be unrealistic, inasmuch as in some agencies the employment of personnel on these respective categories of intelligence will vary with the intensity of international relations and crises. There is no formula thus far discovered or used among the agencies which could indicate the actual allocation of resources to those categories of intelligence.

4. The category "collection" should be divided as overt and covert.

5. The category "dissemination" should include screening, reproduction, translation, distribution and libraries.

6. In connection with those activities, whether by intelligence or by operations, which serve purposes other than intelligence, the approximate intelligence cost should be broken out and listed. This is particularly applicable to certain problems in collection, but is not necessarily restricted to collection.

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Proposed IAC Comments on the Methods and Objectives
of the Budgetary Analysis of Intelligence Programs
Planned by the Bureau of the Budget

1. The Intelligence Advisory Committee recognizes that, despite the difficulties involved in a review of all budgets pertaining to intelligence, this is a necessary process if the President is to be informed of the total cost of intelligence as he views all other aspects of the national security program of the government.
2. The IAC recognizes also that Congress and others intelligence have not to date been fully aware of the interdependence of outside of the various agencies of the government operating either from identifiable intelligence budgets or from non-intelligence budgets. Insofar as an examination of the present distribution of resources will assist in the understanding of this interdependence, it would be helpful.
3. There has never been any proportion established between money spent on collecting as opposed to processing of intelligence information, and it is highly unlikely that there is any valid proportionate relationship "budget-wise." We foresee dangers in over-simplification which will ignore the subtleties between these two categories should an effort be made to draw conclusions as to what constitutes an appropriate relationship.

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4. The review may reveal what might at first appear to be areas of unprofitable duplication. Here again we foresee the dangers of pointing up conclusions without the detailed analysis and understanding of functions which may be characteristic of the IAC and its member agencies, who live with the problem from day to day. Insofar as this review reveals areas of duplication it should prompt the IAC to determine that such is profitable or that it should be modified or eliminated.

5. In order to offset these dangers, we heartily support the Bureau's view that we should work closely together. Accordingly, we have developed a classification list in cooperation between an IAC ad hoc committee and representatives of the Bureau. It represents what jointly seems the most significant and meaningful categorization of intelligence activities in terms of the intelligence processes both from a technical point of view and from a budgetary point of view.

6. It is believed by the IAC that in proceeding to obtain departmental data opposite the relevant classification categories, the Bureau may be benefited further by continuing consultation with the same group which prepared the classification list. Accordingly, the IAC suggests that the Bureau maintain continuing liaison with that group or bring matters directly to the IAC if that appears

preferable. It is recognized that the Bureau will be working with the

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Approved For Release 2003/06/17 : CIA-RDP80R01731R003500030009-6

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